

VILLAGE OF SIMSBORO, LOUISIANA

*Financial Statements
For The Year Ended June 30, 2008*

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 1/7/09

VILLAGE OF SIMSBORO, LOUISIANA
FOR THE YEAR ENDED JUNE 30, 2008

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INDEPENDENT AUDITORS' REPORT

Honorable Mayor and Board of Aldermen of
Simsboro, Louisiana

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Village of Simsboro, Louisiana, as of and for the year ended June 30, 2008, which collectively comprise the basic financial statements of the Village as listed in the table of contents. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information for the Village of Simsboro, Louisiana, as of June 30, 2008, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 7, 2008, on our consideration of the Village's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in assessing the results of our audit.

Honorable Mayor and Board of Aldermen of
Simsboro, Louisiana
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The management's discussion and analysis and budgetary comparison information on pages 3 through 8 and 26 through 27, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Cameron, Hines & Hartt (APAC)

West Monroe, Louisiana
November 7, 2008

VILLAGE OF SIMSBORO, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2008

Our discussion and analysis of the Village of Simsboro, Louisiana provides an overview of the Village's activities for the year ended June 30, 2008. Please read it in conjunction with the basic financial statements. The intent of this discussion and analysis is to look at the Village's financial performance as a whole.

FINANCIAL HIGHLIGHTS

- The assets of the Village of Simsboro, on a government-wide basis, exceeded its liabilities at the end of the fiscal year by \$2,684,504. Of this amount, \$403,147 is unrestricted.
- The Village's total net assets increased by \$39,039 for the fiscal year. This increase is a net result of fewer repairs to the water and sewer systems; a \$25,000 grant in governmental activities; increased property tax collections; and a \$13,894 decrease in net assets of business-type activities operations.
- The Village's governmental funds reported combined ending fund balances of \$298,460.
- The unreserved fund balance of the general fund was \$114,003, or 64% of the total general fund expenditures.
- The general fund reported a deficit of \$25,561 before transfers, and an excess of revenues over expenditures of \$6,736 after transfers.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Village of Simsboro's basic financial statements. The basic financial statements comprise three components:

- *Government-wide financial statements.*
- *Fund financial statements.*
- *Notes to the financial statements.*

This report contains other supplementary information in addition to the basic financial statements themselves.

The basic financial statements include two kinds of statements that present different views of the Village:

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the Village's overall financial status.

- The remaining statements are fund financial statements that focus on individual parts of the Village's government, reporting operations in more detail than the government-wide statements.
- The governmental fund statement tells how general government services like public safety were financed in the short term as well as what amounts remain for future spending.
- The *proprietary fund statement* offers short and long term financial information about the activities the government operates like businesses, such as the public utilities (water, sewer, sewer treatment systems).

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements.

In the past, the primary focus of local government financial statements has been summarized fund type information on a current resources basis. However, with the implementation of Statement No. 34 of the Governmental Accounting Standards Board (GASB Statement No. 34) for June 30, 2005, the new focus is on both the Village as a whole (government-wide) and the fund financial statements. Each view provides a different snapshot of the Village's finances. Both perspectives (government-wide and fund) allow the user to address relevant questions, broaden the basis of comparison (year-to-year or government-to-government) and enhance the Village's accountability.

GOVERNMENT-WIDE STATEMENTS

The government-wide statements report information about the Village of Simsboro as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets and the statement of activities, which are the government-wide statements, include all of the government's assets and liabilities using the accrual basis of accounting, similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two government-wide statements report the Village's net assets and how they have changed. Net assets - the difference between the Village's assets and liabilities - are one way to measure the Village's financial health, or financial position. Over time, increases or decreases in the Village's net assets are an indicator of whether its financial health is improving or deteriorating.

In the statement of net assets and the statement of activities, the Village is divided into two categories:

- Governmental activities -- Most of the Village's basic services are included here, such as the activities of the police, garbage and trash collection, park, and general administration. Franchise fees, insurance taxes, traffic fines, and payments from other governments finance most of these activities.
- Business-type activities -- The Village charges fees to customers to cover the cost of the services it provides. Water, sewer and sewer treatment are included here. Grants have provided most of the capital assets required for these services.

FUND FINANCIAL STATEMENTS

The format of the fund financial statements will be more familiar to traditional users of government financial statements. The fund financial statements provide more detailed information about the Village's most significant funds -- not the Village as a whole. Funds are accounting mechanisms that the Village uses to keep track of specific sources of funding and spending for particular purposes.

The Village has two kinds of funds:

- **Governmental funds** – Most of the Village's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances remaining at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the Village's programs. Because this information does not encompass the long-term focus of the government-wide statements, additional information is provided on a subsequent page that explains the relationship (or differences) between the government-wide and fund statements.
- **Proprietary funds** – Services for which the Village charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both short-term and long-term financial information. The Village's enterprise funds are the same as its business-type activities, but provide more detail and additional information, such as cash flows.

The Total Governmental Funds column requires reconciliation because of the different measurement focus from the government-wide statements (current financial resources versus total economic resources) which is reflected at the bottom of each statement. The flow of current financial resources will reflect interfund transfers as other financing sources as well as capital expenditures as expenditures. The reconciliation will eliminate these transactions and incorporate the capital assets and long-term obligations into the Governmental Activities column (in the government-wide statements).

FINANCIAL ANALYSIS OF THE VILLAGE AS A WHOLE

The Village's combined net assets for the 2007-2008 fiscal year increased by \$39,040. The table shows the statement of net assets for the year ending 2007 and the year ending 2008. The table also shows the net assets for governmental activities, business-type activities and combines them into the primary government.

Statement of Net Assets

The following table reflects the condensed net assets:

	Governmental Activities		Business Type Activities		Total Primary Government	
	2008	2007	2008	2007	2008	2007
ASSETS:						
Current and Other Assets	\$ 300,006	\$ 273,232	\$ 130,014	\$ 126,585	\$ 430,020	\$ 399,817
Capital Assets	<u>148,464</u>	<u>121,901</u>	<u>2,493,449</u>	<u>2,510,924</u>	<u>2,641,913</u>	<u>2,632,825</u>
Total Assets	<u>\$ 448,470</u>	<u>\$ 395,133</u>	<u>\$ 2,623,463</u>	<u>\$ 2,637,509</u>	<u>\$ 3,071,933</u>	<u>\$ 3,032,642</u>
LIABILITIES:						
Long-term Debt Outstanding	\$ -	-	\$ 360,556	\$ 369,744	\$ 360,556	\$ 369,744
Other Liabilities	<u>1,546</u>	<u>1,142</u>	<u>25,327</u>	<u>30,530</u>	<u>26,873</u>	<u>31,672</u>
Total Liabilities	1,546	1,142	385,883	400,274	387,429	401,416
NET ASSETS:						
Invested in Capital Assets						
Net of Debt	148,464	121,901	2,132,893	2,141,180	2,281,357	2,263,081
Unrestricted	<u>298,460</u>	<u>272,090</u>	<u>104,687</u>	<u>96,055</u>	<u>403,147</u>	<u>368,145</u>
Total Net Assets	<u>\$ 446,924</u>	<u>\$ 393,991</u>	<u>\$ 2,237,580</u>	<u>\$ 2,237,235</u>	<u>\$ 2,684,504</u>	<u>\$ 2,631,226</u>

Net assets (assets less liabilities) may serve over time as a useful indicator of a government's financial position. The Village of Simsboro's assets exceeded liabilities by \$2,684,504 at the close of the fiscal year. The largest portion of the Village's net assets (84.99%) reflects its investment in capital assets. The Village uses these assets to provide services to its citizens and those assets are not available for spending.

Governmental Activities

Net assets of the Village's governmental activities increased \$52,933 during the fiscal year.

Business-type Activities

Net assets of the Village's business-type activities decreased \$13,894 during the fiscal year.

Statement of Activities

The following table shows the revenues and expenses of the governmental and business type activities:

	Governmental Activities		Business Type Activities		Total Primary Government	
	2008	2007	2008	2007	2008	2007
REVENUES:						
Program Revenues						
Charges for Services	\$ 35,535	\$ 28,660	\$ 233,711	\$ 221,917	\$ 269,246	\$ 250,577
Capital Grants and Contributions	23,000	-	24	42,500	25,024	42,500
General Revenues						
Property Taxes	19,720	13,962	-	-	19,720	13,962
Fines and Forfeitures	16,346	22,370	-	-	16,346	22,370
Franchise & Insurance Revenue	63,017	47,972	-	-	63,017	47,972
Miscellaneous	15,132	17,814	-	-	15,132	17,814
Capital Contributions	-	-	-	-	-	-
Interest Earned	-	-	7,793	3,432	7,793	3,432
Total Revenue	174,750	130,778	241,528	267,849	416,278	398,627
EXPENSES:						
General Government	136,823	110,062	-	-	136,823	110,062
Public Safety	17,291	15,988	-	-	17,291	15,988
Utilities	-	-	223,125	327,445	223,125	327,445
Total Expenses	154,114	126,050	223,125	327,445	377,239	453,495
Increase (Decrease) in Net Assets Before Transfers	20,636	4,728	18,403	(59,596)	39,039	(54,868)
Transfers	32,297	19,623	(32,297)	(19,623)	-	-
Increase/Decrease in Net Assets	52,933	24,351	(13,894)	(79,219)	39,039	(54,868)
Net Assets June 30, 2007 (Restated)	393,991	369,640	2,251,474	2,316,454	2,645,465	2,686,094
Net Assets June 30, 2008	\$ 446,924	\$ 393,991	\$ 2,237,580	\$ 2,237,235	\$ 2,684,504	\$ 2,631,226

Governmental Activities

During the fiscal years ended June 30, 2008 and 2007, the major sources of income were:

	<u>2008</u>	<u>2007</u>
• Charges for Services	20%	22%
• Franchise Fees and Insurance Taxes	36%	37%
• Fines & Forfeitures	9%	17%
• Property Taxes	11%	11%

Business-type Activities

Charges for services from business-type activities were \$233,711 for the fiscal year ended June 30, 2008. This is a \$11,794 increase from last year which can be contributed to increased water consumption. Expenses for the Village's business-type activities were \$223,125. The business-type activities had a net operating income of \$28,803. Net assets decreased \$13,894 after grant revenue of \$24 and transfers out of \$32,297. Also, interest expense of \$18,217 and interest income of \$7,793 contributed to the net asset decrease.

FINANCIAL ANALYSIS OF THE VILLAGE'S FUNDS

The Village of Simsboro uses Fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Government Funds

The focus of the Village's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The Village's combined ending fund balances was \$298,460 at June 30, 2008. The unreserved portion or the portion available for spending was \$235,460. The remaining balance is not available for spending because it has already been committed.

The general fund is the chief operating fund of the Village. The unreserved fund balance at June 30, 2008 was \$114,003. Unreserved fund balance represents 64% of the total general fund expenditures.

Proprietary Funds

The Village's proprietary funds provide the same type information found in the government-wide financial statements, but in more detail.

Net assets of the Utilities Enterprise fund at the end of the fiscal year were \$2,237,580. The fund had an operating income of \$28,803 before operating transfers-out of \$32,297 and other non-operating items.

CAPITAL ASSETS AND DEBT ADMINISTRATION

The Village of Simsboro's investment in Capital assets for its governmental and business-type activities as of June 30, 2008 amounted to \$2,641,913 (net of depreciation). This investment includes land, buildings and improvements, equipment, vehicles, water and sewer facilities. The outstanding debt of \$360,556 is to Rural Development for revenue bonds that were used to upgrade the Village's sewer system.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The Village's management and elected officials considered many factors when preparing the 2008-2009 budget. Most revenue sources should remain fairly consistent with prior year collections.

The Village is in the process of acquiring more grant funds to further improve its water distribution system and sewer system.

REQUEST FOR INFORMATION

This financial report is designed to provide citizens, taxpayers, customers, and creditors with a general overview of the Village's finances and to demonstrate the Village's accountability for the funds it receives. If you have any questions about this report or need additional information, contact the Village Clerk, Village of Simsboro, Louisiana, 2742 Martha Street, Simsboro, Louisiana 71275.

VILLAGE OF SIMSBORO, LOUISIANA
STATEMENT OF NET ASSETS
JUNE 30, 2008

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 33,647	\$ 210,766	\$ 244,413
Certificates of Deposit	57,696	110,433	168,129
Accounts Receivable	506	16,972	17,478
Internal Balances	208,157	(208,157)	-
Capital Assets:			
Non-Depreciable	50,000	39,246	89,246
Depreciable	98,464	2,454,203	2,552,667
<u>TOTAL ASSETS</u>	<u>\$ 448,470</u>	<u>\$ 2,623,463</u>	<u>\$ 3,071,933</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 1,546	\$ 2,507	\$ 4,053
Deposits Payable	-	16,832	16,832
Accrued Interest	-	5,988	5,988
Non-Current Liabilities			
Due Within One Year			
Notes Payable	-	9,283	9,283
Due in More Than One Year			
Notes Payable	-	351,273	351,273
<u>TOTAL LIABILITIES</u>	<u>1,546</u>	<u>385,883</u>	<u>387,429</u>
<u>NET ASSETS</u>			
Invested in Capital Assets,			
Net of Related Debt	148,464	2,132,893	2,281,357
Unrestricted	298,460	104,687	403,147
Total Net Assets	<u>446,924</u>	<u>2,237,580</u>	<u>2,684,504</u>
<u>TOTAL LIABILITIES AND NET ASSETS</u>	<u>\$ 448,470</u>	<u>\$ 2,623,463</u>	<u>\$ 3,071,933</u>

The accompanying notes are an integral part of this financial statement.

VILLAGE OF SIMSBORO, LOUISIANA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2008

Function/Program Activities	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<u>Primary Government:</u>				
Government Activities:				
General Government	\$ 136,823	\$ 35,535	\$ -	\$ -
Public Safety	17,291	16,346	-	25,000
Total Governmental Activities	<u>154,114</u>	<u>51,881</u>	<u>-</u>	<u>25,000</u>
Business-Type Activities:				
Utilities	223,125	233,711	-	24
<u>Total Primary Government</u>	<u>\$ 377,239</u>	<u>\$ 285,592</u>	<u>\$ -</u>	<u>\$ 25,024</u>

General Revenues:

Taxes:

Property Taxes Levied for General Purposes

Franchise Revenue

Miscellaneous

Interest Earned

Transfers

Total General Revenues, Special Items and Transfers

Changes in Net Assets

Net Assets - Beginning (Restated)

Net Assets - Ending

Net (Expense) Revenue and Changes in Net Assets		
Governmental Activities	Business-Type Activities	Total
\$ (101,288)	\$ -	\$ (101,288)
24,055	-	24,055
(77,233)	-	(77,233)
-	10,610	10,610
\$ (77,233)	\$ 10,610	\$ (66,623)
19,720	-	19,720
63,017	-	63,017
15,132	-	15,132
-	7,793	7,793
32,297	(32,297)	-
130,166	(24,504)	105,662
52,933	(13,894)	39,039
393,991	2,251,474	2,645,465
\$ 446,924	\$ 2,237,580	\$ 2,684,504

The accompanying notes are an integral part of this financial statement.

VILLAGE OF SIMSBORO, LOUISIANA

BALANCE SHEET
GOVERNMENTAL FUNDS

JUNE 30, 2008

	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 22,592	\$ 11,055	\$ 33,647
Certificates of Deposit	1,896	55,800	57,696
Accounts Receivable	-	506	506
Advances To Other Funds	63,000	-	63,000
Due From Other Funds	91,061	65,359	156,420
<u>TOTAL ASSETS</u>	<u>\$ 178,549</u>	<u>\$ 132,720</u>	<u>\$ 311,269</u>
<u>LIABILITIES AND FUND BALANCE</u>			
<u>LIABILITIES</u>			
Accounts Payable	\$ 1,546	\$ -	\$ 1,546
Due To Other Funds	-	11,263	11,263
Total Liabilities	1,546	11,263	12,809
<u>FUND BALANCE</u>			
Fund Balance			
Unreserved, Reported In:			
General Fund	114,003	121,457	235,460
Designated, Advances to Other Funds	63,000	-	63,000
Total Fund Balance	177,003	121,457	298,460
<u>TOTAL LIABILITIES AND FUND BALANCE</u>	<u>\$ 178,549</u>	<u>\$ 132,720</u>	<u>\$ 311,269</u>

VILLAGE OF SIMSBORO, LOUISIANA
RECONCILIATION OF TOTAL GOVERNMENTAL
FUND BALANCES TO NET ASSETS OF
GOVERNMENTAL FUNDS
JUNE 30, 2008

Total Governmental Fund Balances	\$ 298,460
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*Amounts reported for governmental
activities in the statement of net assets are
different because:*

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	<u>148,464</u>
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Net Assets of Governmental Activities	<u>\$ 446,924</u>
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The accompanying notes are an integral part of this financial statement.

VILLAGE OF SIMSBORO, LOUISIANA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>REVENUES</u>			
Taxes	\$ -	\$ 19,720	\$ 19,720
Intergovernmental	25,000	-	25,000
Licenses and Permits	63,017	-	63,017
Charges for Services	35,535	-	35,535
Fines and Forfeitures	16,346	-	16,346
Miscellaneous	14,026	1,106	15,132
Total Revenues	<u>153,924</u>	<u>20,826</u>	<u>174,750</u>
<u>EXPENDITURES</u>			
General Government	137,655	1,192	138,847
Public Safety	41,830	-	41,830
Total Expenditures	<u>179,485</u>	<u>1,192</u>	<u>180,677</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</u>	(25,561)	19,634	(5,927)
<u>OTHER FINANCING SOURCES</u>			
Operating Transfers - In (Out)	<u>32,297</u>	<u>-</u>	<u>32,297</u>
<u>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES</u>	6,736	19,634	26,370
<u>FUND BALANCE AT BEGINNING OF YEAR</u>	<u>170,267</u>	<u>101,823</u>	<u>272,090</u>
<u>FUND BALANCE AT END OF YEAR</u>	<u>\$ 177,003</u>	<u>\$ 121,457</u>	<u>\$ 298,460</u>

VILLAGE OF SIMSBORO, LOUISIANA
RECONCILIATION OF THE STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2008

Net Change in Fund Balances - Total Governmental Funds	\$ 26,370
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*Amounts reported for governmental activities
in the statement of activities are different
because:*

Governmental funds report capital outlays as
expenditures while governmental activities
report depreciation expense to allocate those
expenditures over the life of the assets:

Capital asset purchases capitalized	30,869
Depreciation expense	<u>(4,306)</u>

Change in Net Assets in Governmental Activities	<u>\$ 52,933</u>
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The accompanying notes are an integral part of this financial statement.

VILLAGE OF SIMSBORO, LOUISIANA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2008

	Business-Type Activities Utility Enterprise Fund
<u>ASSETS</u>	
<u>Current Assets</u>	
Cash and Cash Equivalents	\$ 133,901
Certificates of Deposit	110,433
Accounts Receivable	16,972
Total Current Assets	<u>261,306</u>
<u>Non-Current Assets</u>	
Restricted Cash	76,865
Capital Assets	2,493,449
Total Non-Current Assets	<u>2,570,314</u>
<u>TOTAL ASSETS</u>	<u>\$ 2,831,620</u>
<u>LIABILITIES</u>	
<u>Current Liabilities</u>	
Accounts Payable	\$ 2,507
Customer Deposits	16,832
Accrued Interest	5,988
Notes Payable	9,283
Advances From Other Funds	63,000
Due to Other Funds	145,157
Total Current Liabilities	<u>242,767</u>
<u>Non-Current Liabilities</u>	
Notes Payable	<u>351,273</u>
Total Liabilities	594,040
<u>NET ASSETS</u>	
Invested in Capital Assets, Net of Related Debt	2,132,893
Reserved for Debt Retirement	76,865
Unrestricted	27,822
Total Net Assets	<u>2,237,580</u>
<u>TOTAL LIABILITIES AND NET ASSETS</u>	<u>\$ 2,831,620</u>

The accompanying notes are an integral part of this financial statement.

VILLAGE OF SIMSBORO, LOUISIANA
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

	Business-Type Activities Utility Enterprise Fund
<u>Operating Revenues</u>	
Charges for Services - Water	\$ 154,035
Charges for Services - Sewer	79,676
Total Operating Revenues	<u>233,711</u>
<u>Operating Expenses</u>	
Salaries	1,409
Advertising	155
Materials, Repairs & Supplies	41,170
Utilities	24,321
Other Administrative	13,620
Depreciation	94,527
Outside Services	25,998
Sample Collections/Testing	3,708
Total Operating Expenses	<u>204,908</u>
<u>Operating Income</u>	28,803
<u>Nonoperating Income (Expense)</u>	
Interest Income	7,793
USDA Capital Grant Revenue	24
Interest Expense	(18,217)
Total Nonoperating Income (Expense)	<u>(10,400)</u>
<u>Income Before Operating Transfers and Contributed Capital</u>	18,403
Transfers Out	<u>(32,297)</u>
<u>Change in Net Assets</u>	(13,894)
<u>Net Assets - Beginning (Restated)</u>	<u>2,251,474</u>
<u>NET ASSETS - ENDING</u>	<u>\$ 2,237,580</u>

The accompanying notes are an integral part of this financial statement.

VILLAGE OF SIMSBORO, LOUISIANA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

	Business-Type Activities Utility Enterprise Fund (Restated)
<u>Cash Flows From Operations</u>	
Cash Received From Customers	\$ 249,767
Payments to Provide Services	(108,666)
Net Cash Provided by Operating Activities	<u>141,101</u>
<u>Cash Flows From Noncapital Financing Activities</u>	
Decrease in Customer Deposits	(5,218)
Increase in Restricted Assets (Cash)	(3,650)
Operating Transfers Out	(32,297)
Net Cash Flows From Noncapital Financing Activities	<u>(41,165)</u>
<u>Cash Flows From Capital and Related Financing Activities</u>	
Purchase of Capital Assets	(77,052)
Purchase/Sale of Certificates of Deposit	72,902
USDA Grant Proceeds	24
Principal Paid on Bonds	(9,188)
Interest Paid on Bonds	(18,217)
Net Cash Flows From Capital and Related Financing Activities	<u>(31,531)</u>
<u>Cash Flows From Investing Activities</u>	
Interest Income	<u>7,793</u>
<u>Net Increase in Cash and Cash Equivalents</u>	76,198
<u>Cash and Cash Equivalents at Beginning of Year</u>	<u>57,703</u>
<u>CASH AND CASH EQUIVALENTS AT END OF YEAR</u>	<u>\$ 133,901</u>

VILLAGE OF SIMSBORO, LOUISIANA
STATEMENT OF CASH FLOWS (CONTINUED)
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

	Business-Type Activities Utility Enterprise Fund (Restated)
<u>Reconciliation of Operating Income to Net Cash</u>	
<u>Used by Operating Activities:</u>	
Changes in Net Assets	\$ 28,803
Adjustments to Reconcile Net Income to Net	
Cash Provided by Operating Activities	
Depreciation	94,527
Decrease in Accounts Receivable	16,056
Increase in Accounts Payable	15
Increase in Due to Other Funds	1,700
Total Adjustments	<u>112,298</u>
<u>Net Cash Provided by Operating Activities</u>	<u>\$ 141,101</u>

The accompanying notes are an integral part of this financial statement.

VILLAGE OF SIMSBORO, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

Introduction

The Village of Simsboro, Louisiana (the Village) consists of an executive branch of government headed by a mayor and a legislative branch of government consisting of three aldermen. The Village's combined balance sheet includes the accounts of all village operations. The Village's major operations include police protection, garbage and trash collection, and administrative services. In addition, the Village operates a Utility Enterprise Fund to provide water and sewerage services.

Note 1 – Summary of Significant Accounting Policies

The Governmental Accounting Standards Board (GASB) promulgates generally accepted accounting principles and reporting standards with respect to activities and transactions of state and local government entities. The GASB has issued a codification of governmental accounting and financial reporting standards. This codification and subsequent GASB pronouncements are recognized as generally accepted accounting principles for state and local government. The financial reporting practices of the Village comply with the financial reporting standards established by the GASB.

The accompanying financial statements present the financial position of the Village and the various funds and fund types, the results of operations of the Village and the various funds and fund types, and the cash flows of the proprietary funds.

A. Financial Reporting Entity

As the municipal governing authority, for reporting purposes, the Village of Simsboro, Louisiana is considered a separate financial reporting entity. The financial reporting entity consists of (a) the primary government, the Village of Simsboro, Louisiana, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the Village are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

GASB Statement 14 established criteria for determining which component units should be considered part of the Village of Simsboro, Louisiana for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is accountability. The GASB has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the Village to impose its will on that organization or (2) the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the Village. Organizations for which the Village does not appoint a voting majority but are fiscally dependent on the Village. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship. Based on the previous criteria, the Village has determined that there are no component units that are part of the reporting entity.

VILLAGE OF SIMSBORO, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

Note 1 – Summary of Significant Accounting Policies (continued)

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (the statement of net assets and the statement of activities) report information of all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these government-wide statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely, to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function, segment or component unit are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function, segment or component unit. Program revenues include charges to customers who purchase, use or directly benefit from goods or services provided by a given function, segment or component unit. Program revenues also include grants and contributions that are restricted to meeting the operational or capital requirements of a particular function, segment or component unit. Taxes and other items not properly included among program revenues are reported instead as general revenues. Resources that are dedicated internally are reported as general revenues rather than as program revenues. The Village does not allocate general government (indirect) expenses to other functions.

Net assets are restricted when constraints placed on them are either externally imposed or imposed by constitutional provisions or enabling legislation. Internally imposed designations of resources are not presented as restricted net assets. When both restricted and unrestricted resources are available for use, generally it is the Village's policy to use restricted resources first, then unrestricted resources as they are needed.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual government funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

Government-Wide Financial Statements -- The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

VILLAGE OF SIMSBORO, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

Note 1 – Summary of Significant Account Policies (continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)

Governmental Fund Financial Statements – The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Village considers revenues to be available if they are collected within 60 days of the end of the current fiscal year end. Principal revenue sources considered susceptible to accrual include federal grants, interest on investments, sales and income taxes, and lease payments receivable. Some revenue items that are considered measurable and available to finance operations during the year from an accounting perspective are not available for expenditure due to the Village's present appropriation system. These revenues have been accrued in accordance with accounting principles generally accepted in the United States of America since they have been earned and are expected to be collected within sixty days of the end of the period. Other revenues are considered to be measurable and available only when cash is received by the Village.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. Modifications to the accrual basis of accounting include:

- Employees' vested annual leave is recorded as an expenditure when utilized. The amount of accumulated annual leave unpaid at June 30, 2008 has been reported only in the government-wide financial statements.
- Interest on general long-term obligations is recognized when paid.
- Debt service expenditures are recorded only when payment is due.

Proprietary Funds – The financial statements of the proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting, similar to the government-wide statements described above.

Each proprietary fund has the option under Governmental Accounting Standards Board (GASB), Statement 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting* to elect to apply all Financial Accounting Standards Board (FASB) pronouncements issued after November 30, 1989, unless FASB conflicts with GASB. The primary government's enterprise fund has elected to not apply FASBs issued after the applicable date.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

VILLAGE OF SIMSBORO, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

D. Fund Accounting

The financial activities of the Village are recorded in individual funds, each of which is deemed to be a separate accounting entity. The Village uses fund accounting to report on its financial position and results of operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

1. Major Governmental Funds

General Fund – This fund accounts for all activities of the Village not specifically required to be accounted for in other funds. Included are transactions for services such as general government, health services, public safety, regulatory services and social services.

2. Proprietary Funds

Water and Sewer Funds – These funds are used to account for the provision of water and sewerage to residents of the Village of Simsboro. These funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

E. Cash and Cash Equivalents

Under state law, the Village may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

For purposes of the Statement of Cash Flows, cash equivalents include all highly liquid investments (including restricted assets) with an original maturity date of three months or less when purchased.

F. Advances to Other Funds

Noncurrent portions of long-term interfund loan receivables are reported as advances and are offset equally by a fund balance reserve account, which indicates that they do not constitute expendable available financial resources and, therefore, are not available for appropriation.

VILLAGE OF SIMSBORO, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

G. Bad Debts

Uncollectible amounts for ad valorem taxes and utility receivables are generally not significant. As a result, the direct write-off method for recognizing bad debts is used. Under this method, the receivable is charged to expense when the account is deemed to be uncollectible.

H. Fixed Assets

Fixed assets of governmental funds are recorded as expenditures at the time purchased or constructed, and the related assets are capitalized in the general fixed assets account group. Public domain or infrastructures are not capitalized. No depreciation has been provided on general fixed assets. All fixed assets are valued at historical cost or fair market value at date of gift, if donated.

Fixed assets used in the proprietary fund operations are included on the balance sheet of the funds net of accumulated depreciation. Depreciation of all exhaustible fixed assets used by proprietary fund operations is charged as an expense against operations. Depreciation is computed using the straight-line method. The estimated useful lives are as follows:

Buildings	40 years
Improvements	40 years
Equipment	5-10 years

I. Compensated Absences and Post-Employment Health Care Benefits

The Village does not have a formal leave policy.

The Village does not provide medical coverage for its retirees; consequently there is no liability for post-employment health care benefits.

J. Fund Equity

Contributed Capital

Contributed capital is recorded in proprietary funds that have received capital grants or contributions from developers, customers, or other funds when such resources are restricted for the acquisition or construction of capital assets. Contributed capital is not amortized based on the depreciation recognized on that portion of the assets acquired or constructed from such resources.

Equity is classified as net assets and displayed in three components:

- a. Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

VILLAGE OF SIMSBORO, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

J. Fund Equity (continued)

- b. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups, such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation. There were no restricted net assets at June 30, 2007.
- c. Unrestricted net assets – All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

Note 2 - Cash and Cash Equivalents

Custodial credit risk – deposits. The Village’s cash and certificates of deposit consist of deposits with financial institutions. State statutes govern the Village’s investment policy. Permissible investments include direct obligations of the U.S. Government and agency securities, certificates of deposit, and savings accounts or savings certificates of savings and loan associations and repurchase agreements. In addition, local governments in Louisiana are authorized to invest in the Louisiana Asset Management Pool, Inc. (LAMP), a non-profit corporation formed by an initiative of the State Treasurer and organized under the laws of the State of Louisiana, which operates the local government investment pool. Collateral is required for demand deposits, certificates of deposit, savings certificates of savings and loan associations and repurchase agreements at 100% of all amounts not covered by deposit insurance. Obligations that may be pledged as collateral are obligations of the United States government and its agencies and obligations of the state and its subdivisions. Per Louisiana State law, collateral is not required for funds invested in LAMP.

The following is a schedule of the Village’s cash and certificates of deposit at June 30, 2007. Differences between the Village’s balances and the bank balances arise because of the net effect of deposits-in-transit and outstanding checks.

	<u>Book Balance</u>	<u>Bank Balance</u>
Cash on Deposit	\$ 244,413	\$ 249,484
Certificates of Deposit	<u>168,129</u>	<u>168,129</u>
Total	<u>\$ 412,542</u>	<u>\$ 417,613</u>

The Village’s deposits are collateralized as follows:

FDIC Insured Deposits	\$ 200,000
Uninsured Deposits:	
Collateralized	<u>477,908</u>
Total Deposits	<u>\$ 677,908</u>

Credit risk. The Village’s only investments are the certificates of deposit mentioned above, therefore the Village is exposed to no credit risk.

VILLAGE OF SIMSBORO, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

Note 2 - Cash and Cash Equivalents (continued)

Concentration of credit risk. The Village does not limit the amount that may be invested in securities of any one issuer. Applicable state statutes do not place limits on credit concentration.

Interest rate risk. The Village manages its exposure to declines in fair values by limiting the maturity of its investments to not longer than one year.

Note 3 - Fund Deficits

At June 30, 2008, the Regan Madden Park fund had a deficit balance of \$8,922.

Note 4- Accounts Receivable

At June 30, 2008, the enterprise fund had accounts receivable of \$16,972 which includes customers' accounts outstanding at June 30, 2008.

Note 5- Fixed Assets

A summary of changes in general fixed assets follows:

	June 30, 2007 <u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	June 30, 2008 <u>Balance</u>
Government Activities:				
Non-Depreciable Assets:				
Land	\$ 50,000	\$ -	\$ -	\$ 50,000
Depreciable Assets:				
Buildings & Improvements	71,370	-	-	71,370
Equipment	21,786	10,013	-	31,799
Vehicles	<u>2,200</u>	<u>20,856</u>	-	<u>23,056</u>
Total at Historical Cost	145,356	30,869	-	176,225
Less Accumulated Depreciation for:				
Buildings & Improvements	(10,138)	(1,784)	-	(11,922)
Equipment	(11,117)	(1,479)	-	(12,596)
Vehicles	<u>(2,200)</u>	<u>(1,043)</u>	-	<u>(3,243)</u>
Total Accumulated Depreciation	<u>(23,455)</u>	<u>(4,306)</u>	-	<u>(27,761)</u>
<u>Government Activities Capital</u>				
<u>Assets, Net</u>	<u>\$ 121,901</u>	<u>\$ 26,563</u>	<u>\$ -</u>	<u>\$ 148,464</u>
Business-Type Activities:				
Non-Depreciable Assets:				
Land	\$ 39,246	\$ -	\$ -	\$ 39,246

VILLAGE OF SIMSBORO, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

Note 5- Fixed Assets (continued)

Depreciable Assets:				
Waterworks System	993,933	77,052	-	1,070,985
Treatment Facilities	2,464,731	-	-	2,464,731
Machinery & Equipment	<u>49,723</u>	<u>-</u>	<u>-</u>	<u>49,723</u>
Totals at Historical Cost	3,547,633	77,052	-	3,624,685
Less Accumulated				
Depreciation for:				
Waterworks System	(313,707)	(27,085)	-	(340,792)
Treatment Facilities	(708,761)	(61,619)	-	(770,380)
Machinery & Equipment	<u>(14,241)</u>	<u>(5,823)</u>	<u>-</u>	<u>(20,064)</u>
Total Accumulated				
Depreciation	<u>(1,036,709)</u>	<u>(94,527)</u>	<u>-</u>	<u>(1,131,236)</u>
<u>Business-Type Activities</u>				
<u>Capital Assets, Net</u>	<u>\$2,510,924</u>	<u>\$ (17,475)</u>	<u>\$ -</u>	<u>\$2,493,449</u>

Depreciation expense for the year ended June 30, 2008 was charged to functions of the primary government as follows:

Government Activities:	
General Government	\$ 2,880
Public Safety	<u>1,426</u>
Total Depreciation Expense -	
Governmental Activities	<u>\$ 4,306</u>
Business-Type Activities:	
Utilities	<u>\$ 94,527</u>

Note 6 - Ad Valorem Taxes

Property taxes are assessed and collected on a calendar year. Property taxes attach as an enforceable lien on property as of January 1. Tax notices are usually mailed in November each year and become delinquent after December 31, of that year.

The ad valorem tax millage is 5.08 mills. For the calendar year 2007, the 5.08 mills were levied on property with an assessed valuation totaling \$2,627,333.

Note 7- Restricted Assets

At June 30, 2008, all restricted assets were in the form of demand deposits. These assets represent amounts held as follows:

Utility Customer Deposits	\$ 24,254
Restricted for Debt Reduction	<u>52,611</u>
Totals	<u>\$ 76,865</u>

Note 8- Pension and Retirement Plans

At June 30, 2008 no eligible Village employees were participating in any of the State retirement systems.

VILLAGE OF SIMSBORO, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

Note 9- Long-Term Debt

Long-term debt consists of three notes payable to Rural Development for revenue bonds that relate to the Village's sewerage system. These notes require an annual payment due by December 31 of each year. Interest ranges from 4.25% to 7.875%. Interest paid during the fiscal year ended June 30, 2008 was \$10,159.

	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending</u> <u>Balance</u>	<u>Amounts Due</u> <u>Within</u> <u>One Year</u>
Business-Type Activities:					
Notes Payable:					
Rural Development	\$ 117,000	\$ -	\$ 5,000	\$ 112,000	\$ 5,000
Rural Development	46,000	-	2,000	44,000	2,000
Rural Development	<u>206,744</u>	<u>-</u>	<u>2,188</u>	<u>204,556</u>	<u>2,283</u>
Total Notes Payable	<u>\$ 369,744</u>	<u>\$ -</u>	<u>\$ 9,188</u>	<u>\$ 360,556</u>	<u>\$ 9,283</u>

Principal and interest requirements to retire the Village's notes payable obligations are as follows:

<u>Year Ended</u> <u>June 30,</u>	<u>Rural Development #1</u>		<u>Rural Development #2</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2009	\$ 5,000	\$ 5,730	\$ 2,000	\$ 3,584
2010	5,000	5,474	2,000	3,421
2011	6,000	5,219	2,000	3,258
2012	6,000	4,912	2,000	3,096
2013	6,000	4,605	2,000	2,933
2014-2018	37,000	17,856	10,000	12,219
2019-2023	<u>47,000</u>	<u>7,572</u>	<u>24,000</u>	<u>6,273</u>
Total	<u>\$ 112,000</u>	<u>\$ 51,368</u>	<u>\$ 44,000</u>	<u>\$ 34,784</u>

<u>Year Ended</u> <u>June 30,</u>	<u>Rural Development #3</u>	
	<u>Principal</u>	<u>Interest</u>
2009	\$ 2,283	\$ 8,649
2010	2,382	8,550
2011	2,485	8,447
2012	2,593	8,339
2013	2,705	8,227
2014-2018	15,390	39,273
2019-2023	19,026	35,636
2024-2028	23,522	31,140
2029-2033	29,081	25,581
2034-2038	35,952	18,710
2039-2043	44,448	10,214
2044-2046	<u>24,689</u>	<u>821</u>
Total	<u>\$ 204,556</u>	<u>\$ 203,587</u>

VILLAGE OF SIMSBORO, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

Note 10- Prior Period Adjustment

During the course of the audit, a discrepancy was noted between the accounts receivable listing and the end of the year consumption reports used to record revenue and accounts receivable in the sewer and water fund. The difference resulted in prior period understatement in revenue for water fees of \$14,239.

Fund Balance Prior to Restatement	\$ 2,237,235
Restatement -- Water Fund	<u>14,239</u>
 Fund Balance Restated	 <u>\$ 2,251,474</u>

VILLAGE OF SIMSBORO, LOUISIANA
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
				<u>Favorable</u>
				<u>(Unfavorable)</u>
<u>REVENUES</u>				
Licenses and Permits	\$ 40,000	\$ 40,000	\$ 63,017	\$ 23,017
Charges for Services	25,000	25,000	35,535	10,535
Fines and Forfeitures	21,000	21,000	16,346	(4,654)
Miscellaneous	9,000	9,000	39,024	30,024
Transfers In	23,383	23,383	32,297	8,914
Total Revenues	<u>118,383</u>	<u>118,383</u>	<u>186,219</u>	<u>67,836</u>
<u>EXPENDITURES</u>				
General Government	100,941	100,941	137,655	(36,714)
Public Safety	15,750	15,750	41,830	(26,080)
Total Expenditures	<u>116,691</u>	<u>116,691</u>	<u>179,485</u>	<u>(62,794)</u>
<u>EXCESS OF REVENUES</u>				
<u>OVER EXPENDITURES</u>	1,692	1,692	6,734	5,042
<u>FUND BALANCE AT BEGINNING</u>				
<u>OF YEAR</u>	<u>170,267</u>	<u>170,267</u>	<u>170,267</u>	<u>-</u>
<u>FUND BALANCE AT END OF YEAR</u>	<u>\$ 171,959</u>	<u>\$ 171,959</u>	<u>\$ 177,001</u>	<u>\$ 5,042</u>

The accompanying notes are an integral part of this financial statement.

VILLAGE OF SIMSBORO, LOUISIANA
NOTES TO BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2008

The Village uses the following budget practices:

1. In May of each year, the Mayor submits to the Board of Aldermen an operating and capital budget for the succeeding year.
2. A public hearing is scheduled by the Mayor and the Board of Aldermen after allowing for at least ten days notice to the public at the time the budget is initially submitted to the Board of Aldermen.
3. Final adoption of the Budget by the Board of Aldermen is on the first Monday in June.
4. The Mayor may authorize transfers of budgetary amounts within departments. Any revision requiring alteration of levels of expenditures or transfers between departments must be approved by the Board of Aldermen.
5. Operating appropriations and non-major capital appropriations, to the extent not expended, lapse at year end.
6. All legally adopted budgets of the Village are adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP). Budgets are adopted for the General Fund and Special Revenue Funds.

Budget comparison statements included in the accompanying financial statements include the original adopted budgets and all subsequent adopted amendments.

CAMERON, HINES & HARTT

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Honorable Mayor and Board of Aldermen of
Simsboro, Louisiana

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Simsboro, Louisiana (the Village) as of and for the year ended June 30, 2008, which collectively comprise the Village's basic primary government financial statements and have issued our report thereon dated November . We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Honorable Mayor and Board of Aldermen of
Simsboro, Louisiana
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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 08-1.

The Village's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the Village's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, the Legislative Auditor, the Village of Simsboro, Louisiana and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Cameron, Hines & Hartt (APAC)

West Monroe, Louisiana
November 7, 2008

VILLAGE OF SIMSBORO, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2008

Honorable Mayor and Board of Aldermen of
Simsboro, Louisiana

We have audited the financial statements of the Village of Simsboro, Louisiana as of and for the year ended June 30, 2008, and have issued our report thereon dated November 7, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our audit of the financial statements as of June 30, 2008, resulted in an unqualified opinion.

Section I- Summary of Auditors' Results

A. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weakness ☐ yes ☒ no

Significant Deficiencies not considered to be
Material Weaknesses ☐ yes ☒ no

Compliance

Compliance Material to Financial Statements ☒ yes ☐ no

B. Federal Awards – N/A

Material Weakness Identified ☐ yes ☐ no

Significant Deficiencies not considered to be
Material Weaknesses ☐ yes ☐ no

Type of Opinion on Compliance For Major Programs (No Major Programs)

Unqualified ☐ Qualified ☐

Disclaimer ☐ Adverse ☐

Are their findings required to be reported in accordance with Circular A-133,
Section .510 (a)? N/A

C. Identification of Major Programs: N/A

Name of Federal Program (or cluster)
CFDA Number(s)

Dollar threshold used to distinguish between Type A and Type B Programs. N/A

Is the auditee a "low-risk" auditee, as defined by OMB Circular A-133? N/A

VILLAGE OF SIMSBORO, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2008 (continued)

Section II- Financial Statement Findings

08-1 Budgetary Authority and Control

Condition:

As noted in previous audits, while comparing the budgeted expenditures of the general fund with its actual expenditures, it was noted that actual expenditures exceeded the total budgeted expenditures by more than five percent.

Criteria:

Under Louisiana law, statute 39:1311, state law requires that when total actual expenditures and other uses, within a fund, exceeds the total budgeted expenditures and other uses by five percent or more, the budget must be amended.

Effect:

Because the difference exceeds the five percent threshold, the Village is not in compliance with state law regarding budgeting.

Recommendation:

If unforeseen expenditures occur during the year causing an unfavorable variance with the adopted budget, the Village should amend the budget before year end.

Response:

The Village will monitor more closely the actual expenditures, as well as revenues, as they relate to the adopted budgets and adopt amendments to the original budget when it becomes necessary.

Section III- Federal Award Findings and Question Costs

This section is not applicable for this entity.

VILLAGE OF SIMSBORO, LOUISIANA
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2008

Section I- Internal Control and Compliance Material to the Financial Statements

07-1 Segregation of Duties

Condition:

During the audit, it was noted that the same employee handles incoming checks, prepares the deposit slips, posts receipts to customer accounts, and receives the bank statements.

Recommendation:

We recommend the Mayor continue his involvement with oversight of the accounting function of reviewing checks.

Current Status:

The Village management believes the cost of additional staffing does not outweigh the benefit received. The Mayor currently reviews the bank reconciliations after they are prepared by a local CPA.

07-2 Pledged Security Deficiency

Condition:

The Village had cash and cash equivalents (bank balances) at one bank that exceeded the FDIC and collateralized securities amount by \$42,657 with no securities pledged to cover the excess.

Recommendation:

The Village should notify the bank of the risk of loss to insure that at any point the Council goes over the FDIC insurance limitation, the bank will pledge securities to cover the excess amount.

Current Status:

The Village has pledged securities that cover excess funds over the FDIC insurance limitation.

07-3 Adjustments to Customer's Water Consumption Accounts

Condition:

During the audit, it was noted several large balances were credited off of customer accounts.

VILLAGE OF SIMSBORO, LOUISIANA
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2008

07-3 Adjustments to Customer's Water Consumption Accounts (cont.)

Recommendation:

The approval of noncash credits should only be made by the Mayor or someone in authority that does not work with the customer accounts for utility payments.

Current Status:

The Mayor and Council approve the write off or adjustment to customer water consumption accounts.

07-4 Budgetary Authority and Control

Condition:

In comparing the budgeted expenditures of the general fund with its actual expenditures, it was noted that actual expenditures exceeded the total budged expenditures by more than five percent.

Recommendation:

If unforeseen expenditures occur during the year causing an unfavorable variance with the adopted budget, the Village should amend the budget before year end.

Current Status:

The Village will monitor more closely the actual expenditures, as well as revenues, as they relate to the adopted budgets and adopt amendments to the original budget when it becomes necessary.

Section II- Internal Control and Compliance Material to Federal Awards

This section is not applicable for this entity.

Section III- Management Letter

No management letter was issued.